

CLAUSE H-18 – LIMITATION OF COST (August 2002)

- (a) The parties estimate that performance of this subcontract, exclusive of any fee, will not cost SURA more than the estimated cost specified in the Schedule. The Subcontractor agrees to use its best efforts to perform the work specified in the Schedule and all obligations under this subcontract within the estimated cost.
- (b) The Subcontractor shall notify the Subcontracting Officer in writing whenever it has reason to believe that –
 - (1) The costs the Subcontractor expects to incur under this subcontract in the next sixty (60) days, when added to all costs previously incurred, will exceed 75 percent of the estimated cost specified in the Schedule; or
 - (2) The total cost for the performance of this subcontract, will be either greater or substantially less than had been previously estimated.
- (c) As part of the notification, the Subcontractor shall provide the Subcontracting Officer with a revised estimate of the total cost of performing this subcontract.
- (d) Except as required by other provisions of this subcontract, specifically citing and stated to be an exception to this clause –
 - (1) SURA is not obligated to reimburse the Subcontractor for costs in excess of the estimated cost specified in the Schedule, and
 - (2) The Subcontractor is not obligated to continue performance under this subcontract (including actions under the Termination clause of this subcontract) or otherwise incur costs in excess of the estimated cost specified in the Schedule, until the Subcontracting Officer (i) notifies the Subcontractor in writing that the estimated cost has been increased; and (ii) provides a revised estimated total cost of performing this subcontract.
- (e) No notice, communication, or representation in any form other than that specified in subparagraph (D)(2) above, or from any person other than the Subcontracting Officer, shall affect this subcontracts estimated cost to SURA. In the absence of the specified notice, SURA is not obligated to reimburse the Subcontractor for any costs in excess of the estimated cost specified in the Schedule, whether those excess costs were incurred during the course of the subcontract or as a result of termination.
- (f) If the estimated cost specified in the Schedule is increased, any costs the Subcontractor incurs before the increase that are in excess of the previously estimated cost shall be allowable to the same extent as if incurred afterward, unless the Subcontracting Officer issues a termination or other notice directing that the increase is solely to cover termination or other specified expenses.
- (g) Change orders shall not be considered an authorization to exceed the estimated cost to SURA specified in the Schedule, unless they contain a statement increasing the estimated cost.
- (h) If this subcontract is terminated or the estimated cost is not increased, SURA and the Subcontractor shall negotiate an equitable distribution of all property produced or purchased under the subcontract, based upon the share of costs incurred by each.